



SBA Information Notice

TO: All SBA Employees

CONTROL NO.: 5000-1030

SUBJECT: Changes to 7(a) and 504 Guaranty
Fees Effective October 1, 2007

EFFECTIVE: 9/26/2007

Each year SBA reviews the fees payable to SBA by 7(a) participating lenders (Lenders), and certified development companies (CDCs) as well as the borrowers to determine if they are sufficient to cover the estimated costs of the 7(a) and 504 loan programs. The purpose of this notice is to announce the revised fees for both programs for loans approved during FY 2008, beginning October 1, 2007. These fees are imposed under Section 7(a)(23) of the Small Business Act and Section 503(b)(7) of the Small Business Investment Act. These fees plus the other fees paid to SBA will keep each of these lending programs at a zero subsidy rate. At this time, there are no changes to any of the other fees payable to SBA in either the 7(a) or 504 loan programs.

7(a) Loan Program

For 7(a) loans approved on or after October 1, 2007, the “yearly fee” due from participants to SBA will be 0.494 percent (49.4 basis points) of the guaranteed portion of the outstanding balance on the 7(a) loan. In the 7(a) Authorization Wizard this is referred to as the “ongoing service fee.”

504 Loan Program

For 504 loans approved on or after October 1, 2007, the “ongoing guarantee fee” paid by borrowers to SBA will be 0.021 percent (2.1 basis points) of the outstanding balance of the 504 loan. In addition, the one-time guaranty fee that SBA is authorized to charge 504 borrowers has been reduced from 50 basis points to zero basis points.

Notification and Questions

SBA field offices must notify Lenders and CDCs of these changes. SBA field offices with questions on this notice may direct their questions to Gail Hepler via email at gail.hepler@sba.gov. Lenders are directed to forward questions to the local SBA field office.

Michael W. Hager
Associate Administrator
Office of Capital Access

EXPIRES: 9/1/2008

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SBA Form 1353.1 (12-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58